

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

**RECLAMATION CONTRACT**

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/001/039  
(Mineral Mined) Copper

"MINE LOCATION":  
(Name of Mine) OK Mine  
(Description) 7 miles northwest of Milford, Utah

"DISTURBED AREA":  
(Disturbed Acres) \*Phase 1 - 127.6 Acres  
(Legal Description) Phase 2 - 58.2 Acres 275.1 Total  
Phase 3 - 89.3 Acres  
(refer to Attachment "A")

"OPERATOR":  
(Company or Name) Centurion Mines Corporation  
(Address) 331 South Rio Grande Street, Suite 201  
Salt Lake City, Utah 84101  
(Phone) (801) 534-1120

\* Bonded Acreage

"OPERATOR'S REGISTERED AGENT":

(Name)

Rick Havenstrite

(Address)

2113 N. Cottontail

Cedar City, Utah 84720

(Phone)

(801) 867-0557

"OPERATOR'S OFFICER(S)":

Spens Hansen - President

Rick Havenstrite - V.P. Operations

"SURETY":

(Form of Surety - Attachment B)

Certificate of Deposit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

First Security Bank of Utah

"SURETY AMOUNT":

(Escalated Dollars)

\$550,000

"ESCALATION YEAR":

2002

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Centurion Mines Corporation the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/001/039 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated 8/20/96, and the original Reclamation Plan dated 8/20/96. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance

with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the

parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

Centurion Mines Corporation  
Operator Name

By: Spent Hansen - President  
Authorized Officer (Typed or Printed)

  
Authorized Officer's Signature

April 8, 1997  
Date

=====

SO AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY \_\_\_\_\_  
Dave D. Lauriski, Chairman  
Utah State Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By \_\_\_\_\_  
James W. Carter, Director

\_\_\_\_\_ Date

STATE OF \_\_\_\_\_ )  
\_\_\_\_\_ ) ss:  
COUNTY OF \_\_\_\_\_ )

On the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, personally  
appeared before me \_\_\_\_\_, who being  
duly sworn did say that he/she, the said \_\_\_\_\_  
is the Director of the Division of Oil, Gas and Mining, Department of Natural  
Resources, State of Utah, and he/she duly acknowledged to me that he/she  
executed the foregoing document by authority of law on behalf of the State of  
Utah.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires:

OPERATOR:

Centurion Mines Corporation  
Operator Name

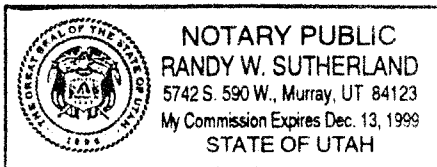
By Spent Hansen - President  
Corporate Officer - Position

April 8, 1997  
Date

  
Signature

STATE OF Utah )  
 ) ss:  
COUNTY OF Salt Lake )

On the 8th day of April, 19 97, personally  
appeared before me Spent Hansen who being by  
me duly sworn did say that he/~~she~~, the said Spent Hansen  
is the President of Centurion Mines Corporation  
and duly acknowledged that said instrument was signed on behalf of said company  
by authority of its bylaws or a resolution of its board of directors and said  
Spent Hansen duly acknowledged to me that said  
company executed the same.



  
Notary Public

Residing at: Murray - Utah

December 13, 1999  
My Commission Expires:

ATTACHMENT "A"

Centurion Mines Corporation  
Operator

OK Mine  
Mine Name

M/001/039  
Permit Number

Beaver County, Utah

**The legal description of lands to be disturbed is:**

***Phase I:*** NE1/4 and SE1/4 of the NW1/4; the NW1/4 and SW1/4 of the NE1/4 of Section 7; the SE1/4 and the NE1/4 of the SW1/4; the NW1/4 and the SW1/4 of the SE1/4 of Section 6, T27S, R11W, SLB&M, Beaver County, Utah

***Phase II:*** NW1/4 and SW1/4 of the SE1/4 of Section 6; the NW1/4 of the NE1/4 of Section 7, T27S, R11W, SLB&M, Beaver County, Utah

***Phase III:*** NE1/4 and SE1/4 of the SE1/4 of Section 6; the NW1/4 and SW1/4 of the SW1/4; the SE1/4 of the SW1/4 of Section 5; the NW1/4 of the NW1/4 of Section 8; the NW1/4 and NE1/4 of the NE1/4 of Section 7, T27S, R11W, SLB&M, Beaver County, Utah



ATTACHMENT "A"

<u>Centurion Mines Corporation</u>	<u>OK Mine</u>
Operator	Mine Name
<u>M/001/039</u>	<u>Beaver</u> County, Utah
Permit Number	

**The legal description of lands to be disturbed is:**

Sections 5, 6 and 7, T27S, R11W, of the Salt Lake Baseline and Meridian.

The project is 7 miles northwest of Milford, Utah.



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Ted Stewart  
Executive Director

James W. Carter  
Division Director

1594 West North Temple, Suite 1210

Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

April 8, 1997

First Security Bank of Utah  
405 South Main  
Salt Lake City, Utah 84111

Attention: Allison Knudsen

Re: Certificate of Deposit for OK Mine, Centurion Mines Corporation, M/001/039, Beaver County, Utah

This is in regards to regulatory requirements of the mining statute and rules of the State of Utah, Division of Oil, Gas and Mining, governing the operations and reclamation of the OK Mine, Permit Number M/001/039, operated by Centurion Mines Corporation.

A Certificate of Deposit will be issued by First Security Bank of Utah for \$550,000 and be automatically renewable upon expiration. The Certificate should be made out in the name of the State of Utah, Division of Oil, Gas and Mining. The interest earned by the Certificate of Deposit for the first three months will be added back on to the Certificate of Deposit. After that, the interest earned will be dispersed quarterly and deposited into Centurion Mines Corporation's account. If the Certificate is redeemed before the maturity date and the penalty reduces the face value of \$550,000, the State of Utah, Division of Oil, Gas and Mining will go to Centurion Mines Corporation for reimbursement of that loss. If redeemed after the maturity date, then \$550,000 will go to the State of Utah, Division of Oil, Gas and Mining and the remaining balance will go to Centurion Mines Corporation's account. The Certificate of Deposit can only be redeemed by the State of Utah, Division of Oil, Gas and Mining.

If the statute or rules of the State of Utah, Division of Oil, Gas and Mining are violated with respect to the operation or reclamation of the OK Mine covered by this surety, the State of Utah, Division of Oil, Gas and Mining has the authority to call the Certificate on demand, for the full amount of \$550,000. Any loss due to an early redemption penalty will be the responsibility of Centurion Mines Corporation and will not be the expense or responsibility of the State of Utah.

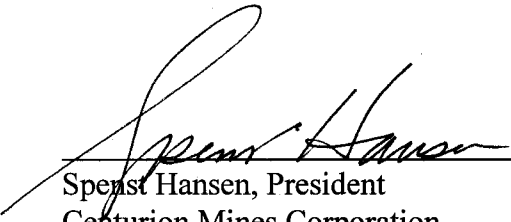
The Division Director's signature, James W. Carter (or the appropriate Division Director at that time), will be required to call the Certificate or release said funds back to Centurion Mines Corporation.

First Security Bank of Utah will not be held liable for any dispute between the parties. These rules pertain to the Certificate of Deposit Number: \_\_\_\_\_.

**Agreed upon by:**

\_\_\_\_\_  
James W. Carter, Director  
Division of Oil, Gas and Mining

Tax I.D. Number: ~~87-1234567~~

  
\_\_\_\_\_  
Spens Hansen, President  
Centurion Mines Corporation

Tax I.D. Number: ~~87-1234567~~



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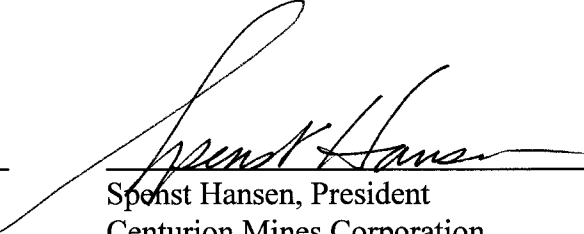
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James W. Carter, Director  
Division of Oil, Gas and Mining

Tax I.D. Number: ~~XXXXXXXXXX~~

  
\_\_\_\_\_  
Spenst Hansen, President  
Centurion Mines Corporation

Tax I.D. Number: ~~XXXXXXXXXX~~

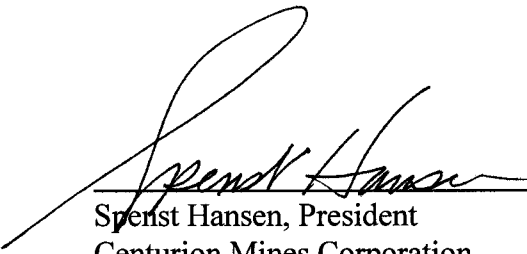
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Division of Oil, Gas and Mining

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\_\_\_\_\_  
Spenst Hansen, President  
Centurion Mines Corporation

Tax I.D. Number: